



January 2004

## Greetings!

Housing Privatization is still a year away but it's time to start learning how it will impact you!!! We are proud to introduce the *Eglin/Hurlburt Housing Privatization Bulletin*. This is a monthly newsletter aimed at providing base personnel with the latest information on the housing privatization effort at Eglin AFB/Hurlburt Field. The information provided in this bulletin should be considered a supplement to other information sources already found on the housing privatization website (such as the Fact Sheet). Included with each issue are the following:

- **"What's New"**  
Get the latest status on ongoing privatization activities
- **"Feature"**  
Gain insight into the inter-workings of how the process works through this discussion of a specific privatization subject. This month's feature...the Request for Proposal!!!
- **"Question of the Month"**  
Find out first hand that there is no such thing as a dumb question. We select a question posed to us by a military member and post it (along with a response of course) for all to see!!
- **"What's Next"**  
Find out what will be happening in the coming months.

It is our intent to make the *Eglin/Hurlburt Housing Privatization Bulletin* as useful and informative as possible to you, the reader. If you have any ideas or suggestions on what you'd like to see discussed in our "Feature" section or anything you'd like presented differently, please leave your feedback.

## Why Privatization?

Perhaps the first item that needs to be addressed is why privatize military family housing? The "Goal" listed on the Housing privatization Fact Sheet perhaps says it best. Military families deserve "safe, quality, affordable, well-maintained housing". Recognizing this, DOD has set a goal of upgrading all inadequate housing by 2010.

Unfortunately, traditional housing military construction (MILCON) programs for bringing housing up to current standards is not funded sufficiently to meet the goal. So in 1996, the Defense Authorization Act authorized the use of private capital to revitalize housing and the Military Housing Privatization Initiative (MHPI) was born. Bottom line is that privatization is the best, if not only, way to develop quality housing within a reasonable timeframe. Put another way...if you want to revitalize, you must privatize!



Ben's Lake Housing

## What's New?

### Request For Proposal (RFP)

To date, almost all of the work accomplished in support of privatization at Eglin/Hurlburt has been aimed toward completing the RFP. The RFP is the document prepared by the Air Force that identifies what potential developers will be required to do if they are selected. For the last year, Eglin/Hurlburt have been working with HQ AFMC, HQ AFSOC and the Air Force Center for

Environmental Excellence (AFCEE) on developing the RFP. This involved an intense effort in identifying current and future housing needs, prioritizing requirements, and resolving technical, financial and legal issues. The result is a document that requires potential developers to prepare a sound financial and technical plan for revitalizing family housing at the least possible out of pocket cost to military members and families. All of the hard work has paid off and the RFP is nearing completion. In fact, it is on schedule to be released in March 04. For more information on how the RFP was developed, read this month's "Feature".

### **Industry Forum**

The Industry Forum is an event held by the Air Force to attract potential developers to the housing privatization project. At the Forum, attendees receive briefings on the technical and financial aspects of the RFP, participate in a question and answer session with a panel of privatization experts, and get a tour of base housing areas and units. The Forum took place on 14 January 04 at the Emerald Coast Conference Center. It was a huge success.

### **Base Briefings**

Eglin/Hurlburt have begun conducting housing privatization briefings at various functions on base and in the community. More detailed briefings directed toward housing occupants will begin soon. These will continue to take place at Commander's Calls as well as Spouse Calls and special town hall meetings. Look for more information on the housing privatization web page.

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## ***The RFP***

What is an RFP and how was the one for housing privatization developed? An RFP is a document that describes to developers the work that needs to be accomplished. It also spells out what the potential developer must submit in his/her proposal to be considered for the job. With 2,739 housing units being conveyed, Eglin/Hurlburt is the largest privatization effort in the CONUS Air Force. Something of this magnitude requires expertise from a variety of fields. AFCEE, the agency tasked with helping MAJCOMs execute and manage their housing privatization programs, hired Jones Lang LaSalle (JLL) as the Privatization Support Contractor (PSC). The PSC is a firm with the financial and real estate expertise required to develop an RFP that matches Air Force requirements with real estate market opportunities, maximizes developer creativity, and streamlines the developer selection process. Together, Eglin AFB, Hurlburt Field, AFCEE, and JLL balanced projected military manning requirements with current housing marketing information and historical and present MFH occupancy rates to determine the exact number of units to be conveyed, demolished, constructed, and renovated. Once this was determined, the team began to focus on the other aspects of the project including new construction and renovation specifics, infrastructure requirements (e.g., utilities), common areas such as recreational areas, and housing maintenance needs. In general, the RFP contains the following four major items:

- **Technical/Construction Requirements** - the "physical" aspects of the project to include construction, demolition, renovation, etc.
- **Property Management Requirements** - the real property transactions involved (i.e., land lease and property conveyance) as well as responsibilities developer will inherit as landlord (e.g., housing maintenance)
- **Financial Requirements** - the proof the developer needs, to show it is capable of financing the project with the help of available but limited government funds
- **Proposal Requirements** - what potential developers must submit to be considered and how their proposals will be evaluated

Some final tidbits regarding the RFP... First, it is important to note that the RFP specifies what needs to be done but does not tell the developer how to do it. This allows the developers to

come up with creative solutions for meeting the needs specified. Second, it is important to note that the developer can go above and beyond what is required in his proposal. For example, the developer may find it in his best interest to demolish all 2,739 units and build 2,229 new units. And finally, whatever each potential developer may propose, the one with the most financially sound plan that meets or exceeds the requirements will be selected.

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## *Question of the Month*

### **What will I have to do after privatization is initiated?**

Occupants' major responsibilities include:

- Signing a lease
- Setting up an allotment
- Paying utilities
- Moving to accommodate construction

**Signing the Lease:** Before the lease is signed, military members must complete AF Form 594 to activate BAH. More information will be forthcoming on how and when this will occur. Military members must also comply with the terms set forth in the lease. Although the developer is required to draft the lease, certain mandatory clauses are provided in the RFP to ensure Air Force member's interests are protected.

**Setting up the allotment:** This is in essence a monthly direct deposit to the developer to pay for your rent. It's fast, easy, and helps avoid any late rent disputes with the landlord. The amount of the allotment will be BAH - 110% of the estimated utilities cost.

**Paying utilities:** This perhaps creates the most anxiety. Occupants should plan on paying the current residential rate for electricity and gas (water and sewage will be provided by the developer). Each housing unit will eventually be metered so that occupants will pay based on how much they use. Until then, we expect the developer will propose to collect the full BAH from each occupant and pay for all utilities in a lump sum to the utility providers. However, the exact method will not be known for certain until the developer is selected. A more detailed discussion of utilities will be next month's "Feature."

### **Renter's Insurance:**

Renter's insurance shall be offered to and funded by the successful offeror to all active duty military members who reside in privatized housing. The insurance will be written as comprehensive, named-peril replacement cost value policy with a replacement cost endorsement valued at no less than \$20,000 per eligible military member and their family. The deductible will be set at \$250 per policy. This policy will be implemented in all projects not past source selection.

**Moving to accommodate construction:** Several existing units will be demolished and others will undergo renovations throughout the seven years following the signing of the deal. This will require several occupants to move (at the developer's expense) to accommodate the construction schedule. The exact timeframes for any relocations will not be determined until the "successful" developer is identified.

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## *What's Next?*

- Advertise RFP

**May 04**